

DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED OCTOBER 17, 2007

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September 25, 2007

HONORABLE BOB ODOM
COMMISSIONER OF AGRICULTURE
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Agriculture and Forestry for the period from July 1, 2004, through June 30, 2006. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior year report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected departmental personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Department of Agriculture and Forestry were not audited or reviewed by us, and, accordingly, we do not express an opinion on these reports. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior report on the Department of Agriculture and Forestry, dated March 24, 2004, we reported a finding related to insufficient controls over the use of state-owned aircraft. The finding has not been resolved and is addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Inadequate Controls Over the Use of State-Owned Aircraft

The Department of Agriculture and Forestry does not have adequate internal controls to ensure that it complies with the Division of Administration's Policy and Procedures Memorandum (PPM) 67, *Travel in State-Owned Aircraft*. PPM 67, Section 2907, allows any state officer or state employee to utilize state-owned aircraft in the conduct of official state business in connection with the function of the department. Section 2909 requires that the travel be authorized and approved in writing, and Section 2913 requires that all passengers provide specific information on the purpose of their air travel when they reserve the space or when they check in. Good internal control requires that procedures be established and followed to ensure that the department complies with state regulations by maintaining complete and accurate documentation for the use of the department's airplane.

We reviewed 31 entries in the Commissioner of Agriculture's calendar along with the flight logs, pilots' logs, and maintenance logs for the department's airplane for the period July 1, 2004, through June 30, 2006, and we noted the following:

- The business purpose for 22 flights (71%) was not documented as required by PPM 67, Section 2907. The commissioner's calendar indicated that one flight was taken to attend a wedding, and one flight was taken to attend a funeral.
- On 25 of these flights (81%), the department did not document the number and names of passengers on board the airplane; therefore, we are unable to determine that all passengers provided the information required by PPM 67, Section 2913.

Failure to document the business purpose and the number and names of passengers using the airplane results in noncompliance with the requirements of PPM 67. Management of the department should implement policies and procedures to ensure that the department complies with state regulations for the use of state-owned aircraft. Management did not concur with the finding and recommendation and stated that the use of the airplanes "... operated by the Department are governed by guidelines, policies and procedures provided by the Department."

Additional Comment: PPM 67, Section 2903, is applicable to all state-owned aircraft and defines such aircraft as "... all aircraft owned and operated by any agency of state government." PPM 67, Section 2905, defines state officers to whom the aircraft regulations are applicable and includes statewide elected officials in the definition of state officers. The Commissioner of Agriculture is specifically named as a state officer. As stated in PPM 67, Section 2907, state officers may utilize state-owned aircraft for official state business in connection with their departments. We are not aware of any exemption to PPM 67 granted to the department by the Division of Administration nor has the department provided us with any evidence of any exemption. Therefore, we believe that PPM 67 is applicable to the Commissioner of Agriculture as defined in PPM 67.

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the department. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the department should be considered in reaching decisions on courses of action.

This report is intended solely for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

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Management's Corrective Action
Plan and Response to the
Finding and Recommendation



LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
BOB ODOM, COMMISSIONER



August 20, 2007

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Dear Mr. Theriot:

re: Authority Over and Use of State-Owned Aircraft

This letter will acknowledge completion of the Control and Compliance Procedures at the Department of Agriculture and Forestry on July 25, 2007, without any reportable audit findings save and except the single audit finding related to airplanes operated by the Department. More particularly, the single audit finding proposes that the policies and procedures of the Department with regard to airplanes operated by the Department may not comply with policies and procedures provided by the Division of Administration for airplanes.

The airplanes operated by the Department are governed by guidelines, policies and procedures provided by the Department. The airplanes operated by the Department are governed by guidelines, policies and procedures provided by the Department because the law says that all airplanes operated by the Department shall be under the exclusive jurisdiction of the Department, and further, that the Department may provide the policies and procedures for the use and operation of the Department's airplanes.

The citations to the relevant laws, policies and procedures have been previously furnished to the Legislative Auditor by the Department. The citations to the relevant laws, policies and procedures have been previously furnished to the Legislative Auditor by the Department formally and informally, by mail and in person, in public and in private as well as on and a part of the public record.

The Department periodically reviews its policies and procedures pertaining to those airplanes under its exclusive jurisdiction and will consider the auditor's single finding during those next periodic reviews. However, for the reasons stated herein and stated previously to the Legislative Auditor, the Department does not agree with the erroneous single audit finding.

Very truly yours,

Skip Rhorer
Assistant Commissioner